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INFO RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
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RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 5471
RUEHBJ/AMEMBASSY BEIJING 3195
RUEHKO/AMEMBASSY TOKYO 3060
RUEHIT/AMCONSUL ISTANBUL 3715
RUCNDT/USMISSION USUN NEW YORK 1068
RHMCSUU/CDR USCENTCOM MACDILL AFB FL
RUEHVEN/USMISSION USOSCE 3749
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC

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SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EEB

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TAGS: [ECON](#) [ETRD](#) [PGOV](#) [TX](#)

SUBJECT: TURKMENISTAN: LAND OF USED CARS

¶1. (U) Sensitive but unclassified. Not for public Internet.

¶2. (SBU) SUMMARY: The passenger car market in Turkmenistan has rapidly expanded over the past seven years. Most of the cars that have been imported to Turkmenistan during that period were U.S., Japanese, and German models. More than 90% of imported cars are used and many were involved in accidents prior to arriving in Turkmenistan. Most autos are imported by local independent entrepreneurs rather than by official dealers or distributors. END SUMMARY.

¶3. (SBU) Turkmenistan's car market underwent a revolution in 2002 when local entrepreneurs started importing large numbers of used, cheap, high-quality, right-hand-drive Japanese cars (mostly Toyotas) from the UAE. That inflow of Japanese cars completely stopped imports of new Russian cars that had previously dominated the Turkmen market. Citing safety reasons, the Turkmen Government gradually phased out imports of right-hand-drive cars. First the government imposed a ban on driving such cars, which forced the owners and importers of such cars to convert them to left-hand drive to get around the ban. To put an end to this issue, the government finally prohibited imports of all car models that were initially manufactured as right-hand drive. The right-hand drive ban forced Turkmen car traders to switch to importing U.S., Canadian, and German-made cars from the UAE.

¶4. (SBU) Currently, U.S. and Canadian-made used Japanese brands dominate the market, with Toyota being the most popular brand. The UAE remains one of the principal markets from which Turkmen import cars to Turkmenistan. Auto markets located in the cities of Sharjah Al Awir, and Ajman, which offer used cars with body defects ranging from insignificant dents to completely crushed cars, are especially popular among Turkmen importers. Defective cars are cheaper than undamaged cars and it is more cost-efficient to fix a damaged car in Turkmenistan rather than to purchase an undamaged car. A whole "industry sector" specializing in repair of damaged imported cars has developed in Mary city, which has also become the hub of Turkmenistan's used car business, where

people from around the country come to purchase cars. The city's Customs checkpoint has turned into a huge parking lot for car transporter trucks loaded with unattractive-looking, damaged U.S. and Canadian-made Toyotas, Nissans, and Hondas. The same cars have an absolutely different look when they make their way to sales lots after having passed through bodywork shops. Every parking lot in Mary is packed with newly-fixed shiny cars with dollar prices on their windshields.

¶5. (SBU) All trade is done in cash. Payments are made immediately or in a number of installments, which is more expensive. As a rule, traders inform customers about the damage that was repaired on the particular car.

¶6. (SBU) A limited number of local entrepreneurs purchase used cars directly from the U.S. using online auctions. This more cost-efficient method, which eliminates UAE traders from the process, has not yet undermined the position of car traders who import cars from the UAE. According to a local car trader, most of them still prefer to purchase cars in the UAE because it is easier to purchase a good car when you can physically check the car that you are buying. Another reason is that it takes a much shorter time (about ten days) to bring a car from the UAE rather than from the U.S. (about 45-50 days), thus making the turnover faster. Some car traders specialize in bringing used German-made cars (mostly BMWs and Opels) directly from Germany or from Lithuania, but the number of cars coming directly from Europe is relatively small.

¶7. (SBU) The prices for used cars in Turkmenistan are significantly higher than those in the United States due to

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high transportation costs and customs duties. It costs from \$2,200 to \$2,700 to transport a car from the United States depending on whether it comes directly from the U.S. or through UAE traders. The customs duty for a car in Turkmenistan is 30 cents for every cubic centimeter of the engine volume plus 5.2% of the price the car was purchased for in the UAE or United States. These factors bring the price of, for

example, a 2004 Toyota Camry to approximately \$12,000 in Turkmenistan.

¶8. (SBU) There are official dealers and distributors of various brands that offer new cars for sale in Turkmenistan. The high prices (a basic Toyota Corolla costs around \$18,000, Toyota Camry \$25,000) make new cars unaffordable for most of the population. As a result, new cars are usually purchased by state agencies in limited numbers.

¶9. (SBU) COMMENT: The car market in Turkmenistan is likely to remain dominated by used cars because of the relatively low average income in the country -- something which is unlikely to change any time soon. Imports of U.S.-made used cars (mostly Toyotas) will prevail in the short-term with no serious competition. Private car traders will retain their advantage over official dealers and distributors thanks to their flexibility and ability to turn over their money faster.
END COMMENT.

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